

MINUTE ITEM

This Calendar Item No. 47
was approved as Minute Item
No. 47 by the State Lands
Commission by a vote of 3
to 0 at its 3/27/90
meeting.

CALENDAR ITEM

47

A 57, 58

S 29

03/27/90

W 17096

G. Scott

THIRD MODIFICATION OF THE 1989-90
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY,
REVISING ECONOMIC PROJECTIONS

The City of Long Beach has submitted to the Commission the Third Modification of the 1989-90 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information together with revised economic projections.

The Third Modification revised Exhibits "C-3" and "C-4" in PART V of the subject Plan and Budget based on data available through December 31, 1989. PART IV, PROCEDURES Section A-2, of the Plan and Budget provides for a Quarterly Review by the City and State of past operations and intended future operations under the Plan. The City is to furnish the State detailed reports; updated and revised, if necessary, exhibits; and any recommended modification of the Plan and Budget Resulting from the City's Review. The City does not propose any changes other than in Exhibits C-3 and C-4 to replace forecast first and second quarter numbers with actuals, increase oil and gas forecasted prices for the third and fourth quarters and to revise expenditures downward. There is no augmentation, reduction or transfer of budget funds.

The average oil production rate during the second quarter of the 1989-90 Plan year was 47,232 barrels per day, 290 barrels per day more than originally estimated. The water production rate was 422,463 barrels per day, 6,637 barrels per day less than originally estimated. The water injection rate was

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507,736 barrels per day, 10,164 barrels per day less than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will average 46,568 barrels per day and the water injection rate 515,288 barrels per day. Gas production averaged 8,961 thousand cubic feet per day during the second quarter and is now expected to average 8,586 MCF/day for the year.

Expenditures during the second quarter were 33.69 million, \$3.29 million less than originally estimated, excluding carry over funds.

Estimated expenditures for the 1989-90 year have been projected by the City to \$131.7 million. No reduction in budgeted funds is suggested in this modification.

Anticipated total Unit income for the 1989-90 fiscal year has been adjusted upward from the end of first quarter predictions. Because of lower expenditures and higher oil prices for the last half of the year, the City now estimates net Unit income for the year to be \$143.56 million, an increase of \$39.51 million over the estimate projected at the end of the first quarter.

The Commission's staff has reviewed the Third Modification including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the third quarter of the 1989-90 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

Also, in accordance with PART IV A.4 a. and c., two Plan Supplements were approved. One was to replace the Pier J plant influent lines, and the other was to inspect the oil shipping line flanges between J-6 and the Broadway and Mitchell shipping station. Funding was provided by a transfer within the existing budget. This report requires no action by the Commission.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt

from the requirements of the because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. RECEIVE THE THIRD MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1989 THROUGH JUNE 30, 1990.

1989-1990 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1989	ACTUAL FOURTH QUARTER 1989	ESTIMATED FIRST QUARTER 1990	ESTIMATED SECOND QUARTER 1990	TOTAL
OIL PRODUCTION (1000 BBL) (BBL/DA)	4,392 47,742	4,346 47,235	4,131 45,899	4,131 45,397	17,000
GAS PRODUCTION (1000 MCF) (MCF/DA)	814 8,850	824 8,961	750 8,329	746 8,194	3,134
WATER PRODUCTION (1000 BBL) (1000 BBL/DA)	38,947 423.3	38,870 422.5	38,811 431.2	39,440 433.4	156,068
WATER INJECTION (1000 BBL) (1000 BBL/DA)	47,150 512.6	46,712 507.7	46,761 519.6	47,447 521.4	188,080
OIL PRICE (\$/BBL)	\$14.09	\$15.03	\$17.00	\$17.00	
GAS PRICE ADJUSTED (\$/MCF OF TOTAL PRODUCED GAS)	\$2.16	\$2.30	\$2.66	\$2.66	

CITY OF LONG BEACH
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1989-1990 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1989	ACTUAL FOURTH QUARTER 1989	ESTIMATED FIRST QUARTER 1990	ESTIMATED SECOND QUARTER 1990	TOTAL
ESTIMATED INCOME					
OIL INCOME	\$61,883	\$65,320	\$70,227	\$70,227	\$267,658
GAS INCOME	\$1,758	\$1,895	\$1,995	\$1,984	\$7,633
TOTAL INCOME	\$63,642	\$67,216	\$72,222	\$72,211	\$275,290
ESTIMATED EXPENDITURES					
DEVELOPMENT DRILLING PROGRAM	\$3,759	\$4,846	\$5,867	\$5,867	\$20,339
OIL AND GAS PRODUCTION PROGRAM	\$13,209	\$13,119	\$14,639	\$14,639	\$55,746
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$5,225	\$5,868	\$5,373	\$5,374	\$21,840
MANAGEMENT PROGRAM	\$4,592	\$4,708	\$5,795	\$5,796	\$20,851
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,765	\$5,150	\$973	\$5,065	\$12,953
TOTAL EXPENDITURES	\$28,650	\$33,691	\$32,647	\$36,741	\$131,729
NET INCOME	\$34,991	\$33,525	\$39,575	\$35,470	\$143,561

ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1989-1990
 (THOUSANDS OF DOLLARS)

ADJUSTED ESTIMATED ESTIMATED ESTIMATED
 BUDGET EXPEND. CARRY OUT SURPLUS

A. DRILLING & DEVELOPMENT PROGRAM:

1. DRILLING & REDRILLING	\$19,715	\$19,557	\$0	\$158
ADMINISTRATIVE OVERHEAD	\$789	\$782	\$0	\$6
PROGRAM TOTAL:	\$20,504	\$20,339	\$0	\$164

B. OIL AND GAS PROD. PROGRAM

1. OIL WELL REPAIRS:	\$18,149	\$15,844	\$0	\$2,305
2. FLUID LIFTING:	\$15,867	\$14,924	\$0	\$943
3. SUR. FLUID HANDLING:	\$5,648	\$5,255	\$0	\$393
4. GAS HANDLING:	\$1,696	\$1,515	\$0	\$181
5. PROD. MAINTENANCE:	\$16,529	\$16,064	\$0	\$465
ADMINISTRATIVE OVERHEAD	\$2,316	\$2,144	\$0	\$172
PROGRAM TOTAL:	\$60,205	\$55,746	\$0	\$4,459

C. EOR & STIMULATION PROGRAM:

1. STIMULATION:	\$0	\$0	\$0	\$0
2. STEAM DRIVE:	\$0	\$0	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$0	\$0	\$0	\$0
PROGRAM TOTAL:	\$0	\$0	\$0	\$0

D. WATER INJECTION PROGRAM:

1. INJECTION WELL REPAIR:	\$5,675	\$5,551	\$0	\$124
2. WATER INJECTION SYSTEM:	\$17,694	\$15,522	\$0	\$2,172
ADMINISTRATIVE OVERHEAD	\$843	\$767	\$0	\$76
PROGRAM TOTAL:	\$24,212	\$21,840	\$0	\$2,372

REVISED BY THE
 CITY OF LONG BEACH

ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1989-1990
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
E. MANAGEMENT PROGRAM:				
1. MANAGEMENT EXPENSE:	\$14,707	\$14,523	\$0	\$184
2. GENERAL EXPENSE:	\$5,816	\$5,531	\$0	\$285
ADMINISTRATIVE OVERHEAD	\$825	\$797	\$0	\$28
PROGRAM TOTAL:	\$21,348	\$20,851	\$0	\$497
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
1. TAXES:	\$12,565	\$10,396	\$0	\$2,169
2. PERMITS:	\$624	\$690	\$0	(\$66)
3. LAND RENTAL:	\$1,836	\$1,785	\$0	\$51
ADMINISTRATIVE OVERHEAD	\$83	\$82	\$0	\$2
PROGRAM TOTAL:	\$15,108	\$12,953	\$0	\$2,156
TOTAL ESTIMATED INVESTMENT:	\$14,112			
TOTAL ESTIMATED EXPENSES:	\$113,045			
TOTAL ESTIMATED OVERHEAD:	\$4,572			
TOTAL ESTIMATED EXPENDITURES:	\$131,729			
TOTAL ESTIMATED CARRY OUT:	\$0			
TOTAL ESTIMATED SURPLUS:	\$9,649			
TOTAL BUDGET:	\$141,377			

REVISED BY THE
 CITY OF LONG BEACH
 02/07/90